U.S. Department of Transportation
United States Coast Guard

Commandant
United States Coast Guard

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COMDTINST 6010.20
23 SEP 1991

COMMANDANT INSTRUCTION 6010.20

Subj: Nonfederal Health Care Invoice Processing System

Ref: (a) COMDTINST M6000.1B, Medical Manual
(b) COMDTINST M5260.2, Privacy and Freedom of Information Acts Manual
(c) COMDTINST 6010.16, Medical Care Third Party Claims Recovery

1. PURPOSE. This instruction prescribes information and procedures to administer and certify nonfederal health care claims for payment.

2. DIRECTIVES AFFECTED. Commandant Instruction 6010.17 is canceled.

3. BACKGROUND. The Coast Guard is committed to quality health care at competitive prices. Achieving this goal requires educating beneficiaries, improving medical cost controls, maintaining effective relations with providers, and properly certifying and processing medical claims. Claim certification, in particular, helps verify that eligible beneficiaries received appropriate health care from authorized providers at competitive prices. This certification process also compiles the information needed to continuously assess the appropriateness, cost, and quality of health care. Health care claims processing is a responsibility of the maintenance and logistics commands. Chapter 11-B of reference (a) prescribes the certification, administration, and technical review procedures. Disclosure of information and control of Federal health care records and claims are in accordance with reference (b). Any health care claims involving recovery of funds due to third party liability will be processed in accordance with reference (c).

4. DISCUSSION. The Nonfederal Health Care Invoice Processing System (NIPS) is designed to provide better management of nonfederal medical care by improving invoice processing and information management; tighter medical cost controls through education and utilization review; and improved health care provider relations. Sophisticated ADP software assists Coast Guard reviewers when they evaluate medical claims by collecting,

(cont'd) verifying, and cross-checking the data--thereby allowing them to make informed decisions. Processing health care claims for payment is more detailed than most other claim processing. The review process must:

a. verify that each patient is an authorized beneficiary;

b. ensure that services rendered were appropriate and related to the stated diagnosis;

c. ensure compliance with contract requirements; and

d. verify that the condition treated is related to the beneficiary's fitness for duty (if applicable).

5. RESPONSIBILITIES.

a. Commandant (G-K). Prescribes health care policy, evaluates and monitors budget and personnel resources available to process health care invoices, maintains the integrity of NIPS, and authorizes system changes.

b. Maintenance and Logistics Command, Health and Safety Division (MLC(k)).

(1) Manages beneficiary access to nonfederal health care facilities through effective contracting and pre-authorization procedures.

(2) Reviews health care claims to determine if:

(a) services were rendered to an authorized beneficiary;

(b) care provided was appropriate and necessary;

(c) charges were reasonable and customary; and

(d) charges were in accordance with appropriate contract, blanket purchase agreement, or pre-authorization.

(3) Compiles data on cost and usage by geographic area to determine the most cost-effective means of delivering quality health care in each locality.

(4) Recommends the more efficient use of facilities, personnel, and funds.

(5) Transmits NIPS data to the Finance Center.

(6) Runs daily transmittal batch status reports.

(7) Corrects batch errors.

(8) Maintains vendor files.

(9) Responds to vendor queries.

(10) Reviews, certifies, and enters health care claim data into file records maintained in NIPS.

(11) Processes claims in compliance with the Prompt Payment Act.

(12) Takes precautions for the protection and integrity of information entered into and contained in the NIPS data base. This includes doing backups (preferably daily), using passwords for the system, and invoking security measures to monitor personnel with access to the system to meet the privacy and confidentiality requirements of reference (b).

(13) Conducts periodic utilization reviews of health care providers, contracts, referrals by Coast Guard clinics, and samplings of beneficiary files.

c. Finance Center.

(1) Receives health care claim data electronically from the MLCs. Upon receipt, forwards data to Departmental Accounting and Financial Information System (DAFIS) without modification.

(2) Provides technical assistance to the MLCs as needed to resolve vendor file problems and batch errors.

(3) Ensures accounting and internal control integrity through periodic review and training.

d. Commands. Unit Commanding officers shall:

(1) Ensure that quality health care is obtained as follows:

(a) **Emergency care** (a condition resulting in undue suffering or endangering life or limb if treatment is not provided) may be obtained from any source (Federal or nonfederal) without pre-authorization.

(b) **Non-emergency, non-elective care** (care required to maintain a member's fitness for duty that is not emergent in nature) should be obtained (in order of preference) from:

1. Coast Guard clinics;

2. Military Treatment Facilities (MTFs);

3. Federal sources such as Uniformed Services Treatment Facilities (USTFs), or Department of Veterans Affairs (DVA) facilities if available, for the geographic area;

4. Nonfederal (i.e., civilian) providers under Coast Guard contract in the geographic area; and

5. Nonfederal, non-contract health care providers when pre-authorized by MLC(k) or the delegated representative of MLC(k).

(c) **Elective care** (care not related to fitness for duty) is not authorized from a nonfederal source at government expense. Federal facilities may offer some elective procedures (see reference (a)).

(2) Review health care claims before they are forwarded to MLC(k) for processing. Use the following procedures:

(a) at units **without** a Coast Guard clinic:

1. Verify that billed services were performed.

2. Verify that the recipient was authorized and eligible to receive care.

3. Ensure that each claim contains the provider's name, address, tax identification number, and an itemized listing of all services.

4. Stamp the date the claim was received on the front of each page. (Do not stamp over any data on the invoice.)

5. Attach a properly completed Nonfederal Health Care Certification Form, CG-5534 to each **original** invoice. Specific instructions for filling out CG-5534 are on back of the form.

6. Return incomplete claims to the provider for correction within five working days of the date received.

7. Submit support documentation to MLC(k). For example:

a. An SF-1034 is required when members seek reimbursement for personal expenditures.

b. Reservists must have Reserve Orders and Pay Voucher, CG-4436B, and/or Disability Orders and Notice of Eligibility, CG-4671. If the claim is for a physical examination (PE), you may use command letter orders directing the PE.

c. A copy of CG-4899 must accompany a claim for care that may have resulted from the negligence of a third party or when it may be covered by private insurance--that is, for care that may fall under the Federal Medical Care Recovery Act (FMCRA). See reference (c).

8. Forward proper claims and support documentation to MLC(k) within five working days of the date received.

(b) at units with a Coast Guard clinic--**in addition** to the duties outlined in 5. d. (1) through (2) (a) 8 above:

1. Supplemental Care. Ensure that all services comply with the supplemental care criteria outlined in reference (a) and applicable MLC directives; and

2. Clinic Support. Annotate the subtotals of each medical and dental laboratory, radiology, and in-house provider invoices for every Coast Guard beneficiary category (i.e., active duty, dependents, reservists, retirees, and retiree dependents) before forwarding these claims to MLC(k).

6. COMMONLY USED TERMS.

a. ADCP. Active Duty Claims Program.

b. Administrative Screen. A review of the claim package for completeness.

c. Appropriateness Review. A review of health care records and/or claims for suitable care and charges.

d. Audit, Hospital. An audit, usually conducted on-site, that demonstrates that billed services and supplies were provided and that the charges were reasonable. These audits are normally performed by commercial auditing organizations under contract.

e. Audit, Internal. Periodic review of invoices for documentation or charging problems.

f. Auditor. An individual who examines and verifies accounts either internally or on-site.

g. Claim. A statement submitted for payment of services and procedures provided on behalf of beneficiaries.

h. Case. A medically supervised course of treatment for a specific diagnosis, which may comprise more than one episode of care.

i. DAFIS. Departmental Accounting and Financial Informational System.

j. Episode of Care. A series of related medical treatments from one or more health care providers regarding a specific diagnosis. Episodic care may be related to the following injury/illness categories:

(1) Routine. Medical and dental examinations, diagnostic tests, and therapeutic procedures provided to **maintain fitness for duty.**

(2) Urgent. Care provided to alleviate **non-life threatening** conditions which, if not treated within on week, would result in permanent or aggravated disability.

(3) Emergency. A medical condition resulting in **undue suffering or endangering life or limb** if treatment is not provided immediately.

(4) Chronic. A condition requiring **long-term** supervision, observation, or care which may cause residual disability or non-reversible pathology and may require special rehabilitation.

(5) Elective. Medical or dental care **not related to fitness for duty.**

k. Flag. A NIPS generated signal that alerts bill reviewers that a specific action may be required.

l. NIPS. Nonfederal Invoice Processing System of health care.

m. Peer Review. Health care providers reviewing the actions of others in their specialty field (e.g., surgeons reviewing surgical cases).

n. Referring Command. The unit that sends a member for health care services or products. Usually, the member's command or a Coast Guard clinic operates in this capacity.

o. Screening. A process in which health care industry norms, criteria, and standards are used to select cases for additional review. This may include appropriateness of care and/or charges, higher level reviews, audits, administrative procedures, and technical review.

p. Technical Screen: Comparing a claim package to standard health care industry criteria, and recommending either payment or referral to higher level review.

q. Utilization Review. An evaluation of the necessity, appropriateness, and efficiency of health care services/procedures, and/or facilities.

7. ACTION. Area and district commanders, commanders of maintenance and logistics commands, unit commanding officers, and Commander, Coast Guard Activities Europe shall ensure compliance with the provisions of this instruction.

8. FORMS AVAILABILITY. The following forms may be ordered from Supply Center Brooklyn, NY: CG-5534, Nonfederal Health Care Certification Form, SN 7530-01-GF3-2370, U/I (PG); CG-4436B, Reserve Orders and Pay Voucher, SN 7530-01-GF3-1050, U/I (LL); and CG-4671, Disability Orders and Notice of Eligibility for Disability Benefits, SN 7530-00-FO2-0130, U/I (SH). CG-4899, Report of Potential Third Party Liability, RCN-6000-2 can be locally reproduced. SF-1034, Public Voucher for Purchases and Services Other Than Personal, SN 7540-00-634-4206, U/I (SH) may be obtained from the General Services Administration.

/s/
MICHAEL HUDGINS
Chief, Office of Health and Safety